

Congress of the United States
Washington, DC 20515

June 26, 2009

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, the Capitol
Washington, DC 20515

The Honorable Steny Hoyer
House Majority Leader
H-107, the Capitol
Washington, DC 20515

The Honorable John A. Boehner
House Republican Leader
H-204, the Capitol
Washington, DC 20515

Dear Speaker Pelosi, Leader Hoyer, and Leader Boehner:

As Congress considers health care reform legislation that reduces costs and ensures quality, affordable care, we urge the committees of jurisdiction to address the current inequities in Medicare reimbursement among states. It is our strong belief that geographic payment inequities must be resolved for health care reform to be successful and for Medicare to achieve long-term sustainability.


We represent states in which quality of care exceeds the national average and per-beneficiary fee-for-service Medicare costs are substantially lower than the national average, reducing overall Medicare costs. Our low-cost, high-quality states are setting the national standard for Medicare, yet we are penalized by the current Medicare reimbursement formula.

Medicare geographic payment inequities are well documented and have been extensively studied. According to a study by the Congressional Budget Office (CBO) in 2008, per capita health care spending varies widely across the U.S. The CBO report states that Medicare beneficiaries in high spending regions receive between 30 to 80 percent more health care services than beneficiaries in low spending regions. Yet these high cost areas do not produce better health outcomes. In fact, too often Medicare is paying significantly more for patient outcomes that are worse. The report also states these large differences in spending across the country relate significantly to the volume and intensity of services provided. Estimates suggest that moving to a coordinated, integrated delivery system could save Medicare upwards of \$100 billion a year. Given the need to reduce health care spending for the nation's long term fiscal outlook, we believe it is critical to identify and encourage patterns of care that are more efficient.

The draft House Tri-Committee health care legislation takes steps towards rewarding the efficient delivery of care. We urge even greater steps to incentivize high-quality, cost-effective patient care. Addressing decades of inequitable Medicare payments, ensuring an opportunity for all states to deliver efficient and effective care, and rewarding even higher levels of performance are all necessary measures for any health care reform bill to be successful.

We have every expectation that health care reform legislation will include a Medicare reimbursement formula that will be fair and equitable for all states. We look forward to working with you on these important issues.

Sincerely,


BETTY MCCOLLUM
Member of Congress


DAVID OBEY
Member of Congress


BRUCE BRALEY
Member of Congress


DAVID LOEBSACK
Member of Congress


JAY INSLEE
Member of Congress


JIM MCDERMOTT
Member of Congress


JIM OBERSTAR
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STEVE KING
Member of Congress


TIM WALZ
Member of Congress


TAMMY BALDWIN
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KEITH ELLISON
Member of Congress

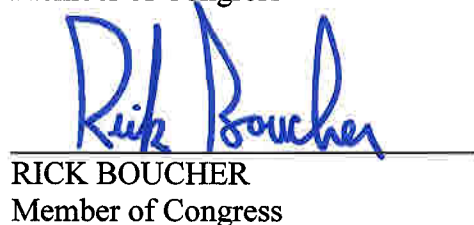

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Member of Congress


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PETER WELCH
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